

## **MANUFACTURING/INDUSTRIAL CENTER**

### **BACKGROUND**

Tukwila's Manufacturing/Industrial Center is an important regional center of industrial activity. It is one of four such centers designated in King County. The Manufacturing/Industrial Center (MIC) is an area that is meant to preserve and enhance manufacturing and industrial activity, and the land that allows these activities to operate. Tukwila's MIC is one of the few remaining concentrations of industrial land in the urban Puget Sound region.

Tukwila's MIC is approximately 966 acres along the Duwamish River, bounded generally by the City of Seattle on the north, South 125<sup>th</sup> Street on the south, the Burlington Northern railway right-of-way on the east, and the Duwamish River on the west. The MIC is home to over 14,000 jobs, and provides a significant portion of Tukwila's economic activity. (Attachment A)

City of Tukwila Comprehensive Plan policies establish that the Manufacturing Industrial Center is intended for industrial activity in order to "maximize the employment and economic benefits to the people of Tukwila and the region, while minimizing the impacts on residential neighborhoods." The Zoning Code, which implements the Comprehensive Plan's policies, limits non-industrial uses, especially office and retail, which may occur in the MIC, and reserves the land for industrial activities and some limited support for these uses. New housing is not permitted.

### **Review/Study**

As part of its required, ongoing update of the Comprehensive Plan, the City of Tukwila is reviewing policies and permitted uses for the MIC. This review will also identify the key issues facing industrial lands and businesses in the city. Issues will be considered in light of: 1) the Comprehensive Plan's ongoing vision for the MIC that supports "existing and future industrial activity to maximize employment and economic benefits to the people of Tukwila and the region," and 2) periodic requests to allow non-industrial uses to locate or expand there. With this information, staff can evaluate if City of Tukwila actions, such as modifications to development codes, are needed to help maintain the Manufacturing Industrial Center's valuable industrial land and business resource most effectively.

### **Status/Data:**

#### **Physical Environment:**

The MIC's physical environment is shaped by the Duwamish River and its shoreline area, along with the filled upland areas that have been developed for heavy industrial use. The Duwamish River was channelized and dredged to enable navigation between Elliott Bay and the turning basin. Beyond the river's steep banks, the land is generally flat.

#### **Land Use:**

Approximately 1,174 acres or 25% of all land in Tukwila is zoned for industrial use. (Attachment B) The majority of industrially-zoned land is located in Tukwila's Manufacturing Industrial Center.

In 2010, Tukwila's Manufacturing/Industrial Center (MIC) is characterized by light to heavy manufacturing uses, commercial development that supports industrial activity, storage facilities, office and service development, and some commercial development along the major arterials. The area has a pattern of large lot ownership and a mixture of industrial activity with some vacant or under-utilized facilities. This pattern indicates the continued

presence of the Boeing Company, the MIC's major property owner, and the decline of other heavy industrial companies in the area.

A significant portion of MIC is in governmental use, including the southern third of King County International Airport which is the second largest property owner in the MIC, the METRO transit maintenance facility, the US Department of Homeland Security, and the US Postal Service regional processing facility. Group Health is a large employer, providing warehouse, lab and service jobs.

The Duwamish River runs through the MIC. The river supports the Muckleshoot Indian Tribe's salmon fishery, and several water-dependent uses. Parks and open space include the Duwamish Hill Preserve, and several designated public wetland habitats. Several older single-family residences are located in the MIC.

The highly industrialized and modified portion of the Duwamish, including some property in the MIC, has also been the location of significant discharge of pollutants. This has resulted in portions of the river being designated as Federal Superfund sites. Remediation, source control and disposal activities are ongoing throughout the area.

Transportation and Infrastructure: Since the MIC is an established industrial area, a complete infrastructure system has been in place for many years.

I-5, SR-599, Tukwila International Boulevard and East Marginal Way provide regional road access. The Tukwila Comprehensive Plan sets "Level of Service E" as the standard on roads in the Manufacturing/Industrial Center. East Marginal Way contains sufficient capacity to meet the MIC's anticipated transportation needs, although there can be congestion during peak hours. Pedestrian and bicycle facilities are planned to enhance transportation infrastructure along East Marginal Way.

The MIC is served by water, sewer and storm drainage area-wide systems that are considered generally adequate to support buildout. Concurrency standards ensure adequate service and fair-share participation by properties that had not supported the area-wide system when it was developed.

#### Businesses and Jobs

The MIC is an important source of direct (property tax) and indirect (sales tax) revenues received by Tukwila. Tukwila business license records indicate that there are currently 131 businesses located in the Manufacturing/Industrial Center. In 2009, "covered" employment was approximately 14, 353, more than half of this in the manufacturing sector.

Data from City of Tukwila business licenses and the Puget Sound Regional Council (PSRC) provide information on employment trends between 1995 and 2009/2010. PSRC data pertain to positions that are covered by the Washington Unemployment Insurance Act (i.e. "covered employment.") (Attachment C)

#### Major Employers

- Although there have been variations over the years, total number of jobs in the MIC, which was 14, 353 in 2009, is virtually the same as in 1995.
- Manufacturing remains the largest employment sector, but it has declined by 40% between 1995 and 2009. Manufacturing shrank from 12, 276 in 1995 to 7,337 in 2009, going from 86% of covered employment in the MIC to 51%.

- Although a smaller factor in employment than manufacturing, the service sector was responsible for the majority of job growth in the MIC between 1995 and 2009. Service employment, such as health care and software, grew from 339 in 1995 to 2,681 in 2009. Government jobs, such as the US Postal Service and Homeland Security, also increased.
- Aerospace, including Boeing, represents the largest category of manufacturing. The decline in aerospace employment from 2000-04 was much smaller in the Tukwila MIC than was the case regionally, and the rebound was notably stronger (thus the concentration of aerospace into MICs). Although aerospace, including the Boeing Company, had a larger presence in the MIC a couple decades ago, levels over the past decade appear to be relatively steady or increasing, even in light of two economic downturns.
- Although its total employment has declined by 19% between 1995 and 2010, Boeing remains by far the largest single employer and property owner in the MIC (as reported by Tukwila business licenses.)
- Three large employers, including Boeing, Group Health Cooperative and King County Metro transit facility provided 90% of jobs in the MIC in 2010. (Attachment D)
- The MIC has generally avoided incompatible retail expansion, but growth in the services sector merits further monitoring.

#### Wages

Manufacturing jobs are the best paid in the MIC. In 2008, the average manufacturing wage (\$95,087) was nearly twice that of a job in the service industry (\$49,096). (Attachment E)

#### Land Use Permits

A total of approximately 200 land use decisions were issued between 1990 and 2010 in the MIC. Shoreline permits were approximately 15% of the total land use permits. (Attachment F)

Approximately 50% of them were environmental reviews for development that was covered under SEPA Planned Action review document. Prepared in 1999, the SEPA Planned Action document anticipated and allowed for environmental impacts of future development by completing project level environmental review during the time that the MIC Plan was originally prepared.

#### Building Permits-

Approximately 3000 building, mechanical, electrical and public works permits were issued in the MIC between 1990 and 2010. Changes in recording permit information over time make it difficult to draw clear conclusions about trends from the data, but the majority of the permits were for tenant improvements, mechanical upgrades, and similar improvements. Approximately 1% of development permits were issued for new construction.

The highest-value permits were for projects involving improvements or new construction for Boeing Company facilities, the development of internet data centers, new construction for the Museum of Flight, and the future Raisbeck Aviation High School. The two former types of development are distinctly industrial in nature, while the latter represent cultural and educational activities that are oriented toward aviation and technology industries. (Attachment G)

## Development Potential

- The larger industrial parcels, such as are found in much of the Manufacturing Industrial Center, are especially suited to traditional industrial use.
- The majority of parcels in the MIC are over three acres in area. Approximately 80% of parcels located north of the Duwamish turning basin are between eight and 116 acres in size. (Attachment H)
- A ratio of improvements to land less than 1 is typical of many industrial uses, such as warehousing, storage or some manufacturing that require significant amounts of land, but may have relatively low value buildings.
- When the assessed value of improvements is less than the value of the land i.e. with an improvement to land ratio less than 1, property may be sought for redevelopment, including change of use from industrial to commercial. Over half of parcels in the MIC have land values that are higher than the value of buildings or improvements on site. (Attachment I)
- Because industrial land value is typically lower in value than commercial land, there is constant pressure by non-industrial uses to locate in these zones, including the MIC. There is also periodic interest in rezones.

## City of Tukwila Code and Policy Review

The underlying premise of the MIC study is the affirmation of the area's role as a focus for manufacturing and industrial activities, and as an important resource for industrial property. Through the Comprehensive Plan and development code update and amendment process, the community considers modifications to Tukwila's Comprehensive Plan and regulations in order to address changing conditions, new legal requirements and ongoing work. Some recent Comprehensive Plan and zoning changes affecting the MIC include:

2010--Significant portions of Tukwila's MIC lie along the shoreline, and are subject to the Shoreline Management Plan. Recently-adopted Shoreline policies for the new High Intensity and Urban Conservancy environments in the MIC call for increased buffer widths for new construction from 50' to 100.' Buffer reductions will be allowed in exchange for enhancements to the shoreline environment and for establishing a gentler slope to the shoreline edge.

2007—33 acres were removed from eastern edge of the MIC, in the Manufacturing Industrial Center/Heavy (MIC/H) zone, and rezoned as Light Industry (LI). The single-owner site is in the vicinity of Boeing Field, generally bounded by East Marginal Way South, South Norfolk Street, Airport Way South and Boeing Access Road. The property also included an additional 29 acres in the City of Seattle. (Ordinances #2185 and #2186)

2003—The Manufacturing Industrial Center/Heavy (MIC/H) Zoning category was revised to allow new office developments not associated with other permitted uses, subject to certain size and location restrictions (Ordinance #2028).

2001—The Manufacturing Industrial Center/Light (MIC/L) Zoning category was revised to allow office uses up to 20, 000 feet as a permitted use, and offices over 20, 000 as a conditional use (Ordinance #1954)

Recent Projects and Preliminary Issues for consideration:

- Tukwila's Manufacturing Industrial Center is a dynamic place. Although some firms have been in Tukwila for many years, approximately 13% of business licenses are new each year. This implies that the MIC continues to attract industrial firms.
- Boeing Plant #2 will be demolished. Once contaminated soil problems are resolved, a large amount of industrial property owned by the Boeing Company will be available for redevelopment.
- The MIC contains several sites with contaminated soils or similar issues. Environmental cleanup sites can represent both challenges and opportunities for redevelopment. The Raisbeck Aviation High School will be constructed on the former Rhone Poulenc site.
- The recent closure of the South Park/116<sup>th</sup> Avenue Bridge has produced minimal impacts due to long-term decreases in traffic along East Marginal Way. By contrast, the private bridge at S. 102<sup>nd</sup> across private property belonging to the Boeing Company has experienced an increase in traffic. This should be monitored.
- The Boeing Access Road bridge is deteriorating and needs replacement. If it were to close suddenly due to a natural disaster or if its operations were restricted, impacts to traffic would be significant. Grant funds are being sought, but at this point funding is not available.
- There are no current plans for a light rail stop at Boeing Access Road, but increased development could prompt a long-term future change.
- Eventual roadway improvements are planned along Tukwila International Boulevard north to the Duwamish River.
- BNSF is seeking and considering alternate means of access to its large-scale regional center .

Public Involvement:

The public has been notified of the Manufacturing Industrial Center study via the Hazelnut newsletter, City of Tukwila website and the "Tukwila Reporter," with a call for expression of interest for receiving information and becoming involved. Tenants and property owners in the MIC were sent a mailing that informs them of the study, invites them to take a short online survey and to join the electronic mailing list. Materials, including the short survey, are posted on the website.

Staff are identifying and contacting a range of MIC stakeholders (land owners, tenants, businesses), to solicit their involvement and opinions via a longer telephone or in person survey. Public involvement includes some of the following as appropriate:

- Informational postings on City website
- Surveys
- Mailings/emails
- Notices in "The Hazelnut" (if available) or "Tukwila Reporter"
- Phone interviews
- Planning Commission meeting/work session

**ATTACHMENTS**

- A. MIC Map (City of Tukwila)
- B. Land Area by Zone (City of Tukwila)
- C. Covered Employment Estimates--1995 -2010 (Puget Sound Regional Council)
- D. Largest Employers--1990-2010 (City of Tukwila Business Licenses)
- E. Average Wage Estimates--2008 (Puget Sound Regional Council)
- F. Summary of Development and Land Use Permit Activity--1990-2010 (City of Tukwila)
- G. Value of Permits—1990-2010 (City of Tukwila)
- H. MIC Parcel Size
- I. MIC Ratio of Building to Land Value